

HOUSE SUBSTITUTE
FOR
HOUSE BILL NO. 1455

AN ACT

2 To repeal sections 86.200, 86.213, 86.251,
3 86.254, 86.255, 86.256, 104.625, and
4 104.1024, RSMo, and to enact in lieu thereof
5 twelve new sections relating to public
6 retirement systems, with an emergency clause.

7 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF MISSOURI,
8 AS FOLLOWS:

9 Section A. Sections 86.200, 86.213, 86.251, 86.254, 86.255,
10 86.256, 104.625, and 104.1024, RSMo, are repealed and twelve new
11 sections enacted in lieu thereof, to be known as sections 86.200,
12 86.213, 86.251, 86.254, 86.255, 86.256, 86.294, 86.296, 87.177,
13 87.231, 104.625, and 104.1024, to read as follows:

14 86.200. The following words and phrases as used in sections
15 86.200 to 86.366, unless a different meaning is plainly required
16 by the context, shall have the following meanings:

17 (1) "Accumulated contributions", the sum of all mandatory
18 contributions deducted from the compensation of a member and
19 credited to the member's individual account, together with
20 members' interest thereon;

21 (2) "Actuarial equivalent", a benefit of equal value when
22 computed upon the basis of mortality tables and interest
23 assumptions adopted by the board of trustees;

24 (3) "Average final compensation":

1 (a) With respect to a member who earns no creditable
2 service on or after October 1, 2001, the average earnable
3 compensation of the member during the member's last three years
4 of creditable service as a police officer, or if the member has
5 had less than three years of creditable service, the average
6 earnable compensation of the member's entire period of creditable
7 service;

8 (b) With respect to a member who is not participating in
9 the DROP pursuant to section 86.251 on October 1, 2001, who did
10 not participate in the DROP at any time before such date, and who
11 earns any creditable service on or after October 1, 2001, the
12 average earnable compensation of the member during the member's
13 last two years of creditable service as a policeman, or if the
14 member has had less than two years of creditable service, then
15 the average earnable compensation of the member's entire period
16 of creditable service;

17 (c) With respect to a member who is participating in the
18 DROP pursuant to section 86.251 on October 1, 2001, or whose
19 participation in DROP ended before such date, who returns to
20 active participation in the system pursuant to section 86.251,
21 and who terminates employment as a police officer for reasons
22 other than death or disability before earning at least two years
23 of creditable service after such return, the portion of the
24 member's benefit attributable to creditable service earned before

1 DROP entry shall be determined using average final compensation
2 as defined in paragraph (a) of this subdivision; and the portion
3 of the member's benefit attributable to creditable service earned
4 after return to active participation in the system shall be
5 determined using average final compensation as defined in
6 paragraph (b) of this subdivision;

7 (d) With respect to a member who is participating in the
8 DROP pursuant to section 86.251 on October 1, 2001, or whose
9 participation in the DROP ended before such date, who returns to
10 active participation in the system pursuant to section 86.251,
11 and who terminates employment as a police officer after earning
12 at least two years of creditable service after such return, the
13 member's benefit attributable to all of such member's creditable
14 service shall be determined using the member's average final
15 compensation as defined in paragraph (b) of this subdivision;

16 (e) With respect to a member who is participating in the
17 DROP pursuant to section 86.251 on October 1, 2001, or whose
18 participation in DROP ended before such date, who returns to
19 active participation in the system pursuant to section 86.251,
20 and whose employment as a police officer terminates due to death
21 or disability after such return, the member's benefit
22 attributable to all of such member's creditable service shall be
23 determined using the member's average final compensation as
24 defined in paragraph (b) of this subdivision; [and]

1 (f) If a member who is described in paragraph (c) or (e) of
2 this subdivision completes less than one full year of creditable
3 service after returning to active participation in the system,
4 the member's earnable compensation for the period immediately
5 prior to DROP entry shall be added to the member's earnable
6 compensation after the member's return to active participation
7 for purposes of determining such member's average final
8 compensation for his or her last year of creditable service; and

9 (g) With respect to the surviving spouse or surviving
10 dependent child of a member who earns any creditable service on
11 or after October 1, 2001, the average earnable compensation of
12 the member during the member's last two years of creditable
13 service as a police officer or, if the member has had less than
14 two years of creditable service, the average earnable
15 compensation of the member's entire period of creditable service;

16 (4) "Beneficiary", any person in receipt of a retirement
17 allowance or other benefit;

18 (5) "Board of police commissioners", any board of police
19 commissioners, police commissioners and any other officials or
20 boards now or hereafter authorized by law to employ and manage a
21 permanent police force in such cities;

22 (6) "Board of trustees", the board provided in sections
23 86.200 to 86.366 to administer the retirement system;

24 (7) "Creditable service", prior service plus membership

1 service as provided in sections 86.200 to 86.366;

2 (8) "DROP", the deferred retirement option plan provided
3 for in section 86.251;

4 (9) "Earnable compensation", the annual salary which a
5 member would earn during one year on the basis of the member's
6 rank or position as specified in the applicable salary matrix in
7 section 84.160, RSMo, plus additional compensation for academic
8 work as provided in subsection 9 of section 84.160, RSMo, plus
9 shift differential as provided in subdivision (4) of subsection
10 10 of section 84.160, RSMo. Such amount shall [be determined
11 without regard to] include the member's deferrals to a deferred
12 compensation plan pursuant to Section 457 of the Internal Revenue
13 Code or to a cafeteria plan pursuant to Section 125 of the
14 Internal Revenue Code or, effective October 1, 2001, to a
15 transportation fringe benefit program pursuant to Section
16 132(f)(4) of the Internal Revenue Code. Earnable compensation
17 shall not include a member's additional compensation for
18 overtime, standby time, court time, nonuniform time or unused
19 vacation time. Notwithstanding the foregoing, the earnable
20 compensation taken into account under the plan established
21 pursuant to sections 86.200 to 86.366 with respect to a member
22 who is a noneligible participant, as defined in this subdivision,
23 for any plan year beginning on or after October 1, 1996, shall
24 not exceed the amount of compensation that may be taken into

1 account under Section 401(a)(17) of the Internal Revenue Code, as
2 adjusted for increases in the cost of living, for such plan year.
3 For purposes of this subdivision, a "noneligible participant" is
4 an individual who first becomes a member on or after the first
5 day of the first plan year beginning after the earlier of:

6 (a) The last day of the plan year that includes August 28,
7 1995; or

8 (b) December 31, 1995;

9 (10) "Internal Revenue Code", the federal Internal Revenue
10 Code of 1986, as amended;

11 (11) "Mandatory contributions", the contributions required
12 to be deducted from the salary of each member who is not
13 participating in DROP in accordance with section 86.320;

14 (12) "Medical board", the board of physicians provided for
15 in section 86.237;

16 (13) "Member", a member of the retirement system as defined
17 by sections 86.200 to 86.366;

18 (14) "Members' interest", interest on accumulated
19 contributions at such rate as may be set from time to time by the
20 board of trustees;

21 (15) "Membership service", service as a policeman rendered
22 since last becoming a member, except in the case of a member who
23 has served in the armed forces of the United States and has
24 subsequently been reinstated as a policeman, in which case

1 "membership service" means service as a policeman rendered since
2 last becoming a member prior to entering such armed service;

3 (16) "Plan year" or "limitation year", the twelve
4 consecutive-month period beginning each October first and ending
5 each September thirtieth;

6 (17) "Policeman" or "police officer", any member of the
7 police force of such cities who holds a rank in such police force
8 for which the annual salary is listed in section 84.160, RSMo;

9 (18) "Prior service", all service as a policeman rendered
10 prior to the date the system becomes operative or prior to
11 membership service which is creditable in accordance with the
12 provisions of sections 86.200 to 86.366;

13 (19) "Retirement allowance", annual payments for life as
14 provided by sections 86.200 to 86.366 which shall be payable in
15 equal monthly installments or any benefits in lieu thereof
16 granted to a member upon termination of employment as a police
17 officer and actual retirement;

18 (20) "Retirement system", the police retirement system of
19 the cities as defined in sections 86.200 to 86.366;

20 (21) "Surviving spouse", the surviving spouse of a member
21 who was the member's spouse at the time of the member's death.

22 86.213. 1. The general administration and the
23 responsibility for the proper operation of the retirement system
24 and for making effective the provisions of sections 86.200 to

1 86.366 are hereby vested in a board of trustees of ten persons.

2 The board shall be constituted as follows:

3 (1) The president of the board of police commissioners of
4 the city, ex officio. If the president is absent from any
5 meeting of the board of trustees for any cause whatsoever, the
6 president may be represented by any member of the board of police
7 commissioners who in such case shall have full power to act as a
8 member of the board of trustees;

9 (2) The comptroller of the city, ex officio. If the
10 comptroller is absent from any meeting of the board of trustees
11 for any cause whatsoever, the comptroller may be represented by
12 either the deputy comptroller or the first assistant comptroller
13 who in such case shall have full power to act as a member of the
14 said board of trustees;

15 (3) Three members to be appointed by the mayor of the city
16 to serve for a term of two years;

17 (4) Three members to be elected by the members of the
18 retirement system of the city for a term of three years;
19 provided, however, that the term of office of the first three
20 members so elected shall begin immediately upon their election
21 and one such member's term shall expire one year from the date
22 the retirement system becomes operative, another such member's
23 term shall expire two years from the date the retirement system
24 becomes operative and the other such member's term shall expire

1 three years from the date the retirement system becomes
2 operative; provided, further, that such members shall be members
3 of the system and hold office only while members of the system;

4 (5) Two members who shall be retired members of the
5 retirement system to be elected by the retired members of the
6 retirement system for a term of three years; except that, the
7 term of office of the first two members so elected shall begin
8 immediately upon their election and one such member's term shall
9 expire two years from the date of election and the other such
10 member's term shall expire three years from the date of election.

11 2. Any member elected chairman of the board of trustees may
12 serve [a total of four years in that capacity which shall be
13 limited to no more than two consecutive terms] without term
14 limitations.

15 3. Each commissioned elected trustee shall be granted
16 travel time by the St. Louis metropolitan police department to
17 attend any and all functions that have been authorized by the
18 board of trustees of the police retirement system of St. Louis.
19 Travel time for a trustee shall not exceed thirty days in any
20 board fiscal year.

21 86.251. 1. The board of trustees may develop and establish
22 a deferred retirement option plan (DROP) in which members who are
23 eligible for retirement but who have not terminated employment as
24 police officers and who have not actually retired may

1 participate. The DROP shall be designed to allow members with at
2 least twenty years of creditable service or who have attained the
3 age of fifty-five who have achieved eligibility for retirement
4 and are entitled to a service retirement allowance and other
5 benefits to postpone actual retirement, continue active
6 employment and accumulate a deferred receipt of the service
7 retirement allowance. No one shall participate in the DROP for a
8 period exceeding five years.

9 2. Any member who has at least twenty years of creditable
10 service or has attained the age of fifty-five may elect in
11 writing before retirement to participate in the DROP. A member
12 electing to participate in the DROP shall postpone actual
13 retirement, shall continue in active employment and shall not
14 receive any direct retirement allowance payments or benefits
15 during the period of participation.

16 3. Upon the start of the participation in the DROP, the
17 member shall cease to make any mandatory contributions to the
18 system. No contribution shall be required by the city into the
19 DROP account. During the period of participation in the DROP,
20 the amount that the member would have received as a service
21 retirement allowance if the member had actually retired instead
22 of entering DROP shall be deposited monthly in the member's DROP
23 account which shall be established in the member's name by the
24 board of trustees. The member's service retirement allowance

1 shall not be adjusted for any cost-of-living increases for any
2 period prior to the member's termination of employment as a
3 police officer and actual retirement. Cost-of-living increases,
4 if any, for any period following the member's termination of
5 employment as a police officer and actual retirement shall be
6 applied only to monthly service retirement payments made
7 following termination of employment as a police officer and
8 actual retirement. Service earned during the period of
9 participation in the DROP shall not be creditable service and
10 shall not be counted in determination of any service retirement
11 allowance or surviving spouse's or dependents' benefits.
12 Compensation paid during the period of participation in the DROP
13 shall not be earnable compensation and shall not be counted in
14 the determination of any service retirement allowance or
15 surviving spouse's or dependent's benefits. The member's service
16 retirement allowance shall be frozen as of the date the member
17 enters DROP. Except as specifically provided in sections 86.200
18 to 86.366, the member's frozen service retirement allowance shall
19 not increase while the member is participating in DROP or after
20 the member's participation in DROP ends, and the member shall not
21 share in any benefit improvement that is enacted or that becomes
22 effective while such member is participating in the DROP.

23 4. A member shall cease participation in the DROP upon the
24 termination of the member's employment as a police officer and

1 actual retirement, or at the end of the five-year period
2 commencing on the first day of the member's participation in the
3 DROP, or as of the effective date, but in no event prior to
4 October 1, 2001, of the member's election to return to active
5 participation in the system, whichever occurs first. A member's
6 election to return to active participation in the system before
7 the end of the five-year period commencing on the first day of
8 participation in the DROP shall be made and shall become
9 effective in accordance with procedures established by the board
10 of trustees, but in no event prior to October 1, 2001. Upon the
11 member's termination of employment as a police officer and actual
12 retirement, the member shall elect to receive the value of the
13 member's DROP account, in one of the following forms of payment:

14 (a) A lump sum payment; or

15 (b) Equal monthly installments over a ten-year period.

16 Either form of payment should begin within thirty days after the
17 member's notice to the board of trustees that the member has
18 selected a particular option.

19 5. If a member who is participating in the DROP elects to
20 return to active participation in the system or if a member who
21 is participating in the DROP does not terminate employment as a
22 police officer in the city for which the retirement system was
23 established pursuant to sections 86.200 to 86.366 and actually

1 retires at the end of the five-year period commencing on the
2 first day of the member's participation in the DROP, the member
3 shall return to active participation in the system and shall
4 resume making mandatory contributions to the system effective as
5 of the day after participation in the DROP ends or, if later,
6 October 1, 2001. The board of trustees shall notify the police
7 commissioners to begin deducting mandatory contributions from the
8 member's salary and the member's employment period shall count as
9 creditable service beginning as of the day the member returns to
10 active participation.

11 6. In no event shall a member whose participation in DROP
12 has ended for any reason be eligible to participate in DROP
13 again.

14 7. Upon the member's termination of employment as a police
15 officer and actual retirement, the member's mandatory
16 contributions to the retirement system shall be paid to the
17 member pursuant to subsection 4 of section 86.253.

18 8. If a member dies prior to termination of employment as a
19 police officer and actual retirement while participating in the
20 DROP or before the member has received full withdrawal of the
21 amount in the member's DROP account under the installment
22 optional payment form, the remaining balance of the member's DROP
23 account shall be payable to the member's surviving spouse; or, if
24 the member is then unmarried, to the member's dependent children

1 in equal shares; or, if none, to the member's dependent mother or
2 father; or, if none, to the member's designated beneficiary or,
3 if no such beneficiary is then living, to the member's estate.
4 Payment shall be made in a lump sum within sixty days after [the
5 retirement system is notified of the member's death] receipt by
6 the board of trustees of evidence and proof of the death of a
7 member. In addition, the member's mandatory contributions, if
8 any, that were not already paid to the member pursuant to
9 subsection 4 of section 86.253 shall be paid to the member's
10 surviving spouse pursuant to section 86.288.

11 9. If a member has elected to participate in the DROP and
12 during such participation period applies for and receives
13 benefits for an accidental disability retirement allowance
14 pursuant to the provisions of section 86.263, the member shall
15 forfeit all rights, claims or interest in the member's DROP
16 account and the member's benefits shall be calculated as if the
17 member has continued in employment and had not elected to
18 participate in the DROP. Any portion of a DROP account that has
19 been forfeited as provided in this subsection shall be a general
20 asset of the system.

21 10. A member's DROP account shall earn interest equal to
22 the rate of return earned by the system's investment portfolio on
23 a market value basis, including realized and unrealized gains and
24 losses, net of investment expense, as certified by the system's

1 actuary. As of the [first] last day of each plan year[,]
2 beginning [with the second fiscal year of] after DROP
3 participation begins, the member's DROP account balance,
4 determined as of the [first] last day of [such] the prior plan
5 year, shall be credited with interest at the investment rate
6 earned by the assets of the retirement system for [the] such
7 prior plan year. If distribution of the member's DROP account
8 balance is [completed during the year] made in a lump sum under
9 subsection 4 or 8 of this section, interest for the plan year of
10 distribution shall be credited[, based] on the [beginning] ending
11 balance for the prior plan year at the investment rate earned on
12 the assets of the retirement system for the prior plan year, in
13 proportion to the part of the plan year preceding the date of
14 [final distribution. No interest shall be credited on amounts,
15 if any, added to the member's DROP account during the year in
16 which the distribution of the account is completed] the member's
17 termination of employment or death, whichever is earlier. If the
18 member's DROP account is paid in equal monthly installments
19 pursuant to subsection [5] 4 of this section, [any] interest
20 during the installment period shall be credited as of the last
21 day of each plan year ending after installment payment begins on
22 the account balance as of the first or last day of the plan year,
23 whichever is lower, at the investment rate earned by the assets
24 of the system for the prior plan year. Interest for the year in

1 which the final installment is paid shall be credited on the
2 balance remaining after the final installment is paid, at the
3 investment rate earned on the assets of the system for the prior
4 plan year, in proportion to the part of the plan year preceding
5 payment of the final installment. Any interest credited to the
6 DROP account during the installment period shall be paid as soon
7 as reasonably possible after the final monthly installment. No
8 interest shall be credited on amounts, if any, added to the
9 member's DROP account during the year in which the distribution
10 of the account is completed.

11 11. The board of trustees shall not incur any liability
12 individually or on behalf of other individuals for any act or
13 omission, made in good faith in relation to the DROP or assets
14 credited to DROP accounts established by this section. The
15 provisions of the Internal Revenue Code and regulations
16 promulgated thereunder shall supersede any provision of this
17 section if there is any inconsistency with the Internal Revenue
18 Code or regulation.

19 12. Upon the receipt by the board of trustees of evidence
20 and proof that the death of a member resulted from an event
21 occurring while the member was in the actual performance of duty,
22 and if the member is participating in the DROP, the member's
23 surviving spouse or, if the member is then unmarried, the
24 member's unmarried dependent children, may elect within thirty

1 days after the member's death to have the amount in the member's
2 DROP account paid in the form of a monthly survivor annuity.
3 Payment of the survivor annuity shall begin within sixty days
4 after the election is received. Payment to the member's
5 surviving spouse shall continue until the surviving spouse's
6 death; payment to the member's unmarried dependent children shall
7 be made while any child qualifies as an unmarried dependent child
8 pursuant to section 86.280. The survivor annuity shall be the
9 actuarial equivalent of the member's DROP account as of the date
10 [payment begins] of the member's death. In no event shall the
11 total amount paid pursuant to this subsection be less than the
12 member's DROP account balance as of the date [payment begins] of
13 the member's death.

14 86.254. 1. Beginning July 1, 1994, in addition to any
15 other annuity, benefits, or retirement allowance provided
16 pursuant to sections 86.200 to 86.366, each present and future
17 retired member after attaining the age of sixty years shall, upon
18 application to the board of trustees, be made, constituted,
19 appointed and employed by the board of trustees as an advisor on
20 the problems of retirement, aging and other matters, for the
21 remainder of the retired member's life, and upon request of the
22 board of trustees shall give opinions in writing or orally in
23 response to such requests as may be required.

24 2. For the performance of duties required in subsection 1

1 of this section, each retired member employed as an advisor by
2 the board of trustees shall be compensated monthly in an amount
3 of [ten] twelve dollars and fifty cents per month multiplied by
4 the number of years the retired member is past the age of sixty
5 years. The compensation provided by this subsection shall be
6 adjusted annually. No funding shall be required prior to the
7 effective date of this benefit.

8 3. Beginning October 1, 1999, in addition to any other
9 benefit provided to any surviving spouse pursuant to sections
10 86.200 to 86.366, each present and future surviving spouse of a
11 member after attaining the age of sixty years shall upon
12 application to the board of trustees, be made, constituted,
13 appointed and employed by the board of trustees as an advisor on
14 the problems of retirement, aging and other matters for the
15 remainder of the surviving spouse's life or until the surviving
16 spouse remarries, whichever is earlier, and upon request of the
17 board of trustees shall give opinions in writing or orally in
18 response to such requests as may be required.

19 4. For the performance of duties required in subsection 3
20 of this section, each surviving spouse of a member employed as an
21 advisor by the board of trustees shall be compensated monthly in
22 an amount of ten dollars per month multiplied by the number of
23 years the surviving spouse is past the age of sixty years. The
24 compensation provided by this subsection shall be adjusted

1 annually.

2 86.255. 1. Notwithstanding any other provision of the plan
3 established in sections 86.200 to 86.366, if an eligible rollover
4 distribution becomes payable to a distributee, the distributee
5 may elect, at the time and in the manner prescribed by the board
6 of trustees, to have any of the eligible rollover distribution
7 paid directly to an eligible retirement plan specified by the
8 distributee in a direct rollover.

9 2. For purposes of this section, the following terms mean:

10 (1) "Direct rollover", a payment by the board of trustees
11 from the fund to the eligible retirement plan specified by the
12 distributee;

13 (2) "Distributee", a member, a surviving spouse or a
14 spouse;

15 (3) "Eligible retirement plan", an individual retirement
16 account described in Section 408(a) of the Internal Revenue Code,
17 an individual retirement annuity described in Section 408(b) of
18 the Internal Revenue Code, or a qualified trust described in
19 Section 401(a) of the Internal Revenue Code that accepts the
20 distributee's eligible rollover distribution or, effective for
21 eligible rollover distributions made on or after January 1, 2002,
22 an annuity contract described in Section 403(b) of the Internal
23 Revenue Code or an eligible plan under Section 457(b) of the
24 Internal Revenue Code which is maintained by a state, political

1 subdivision of a state, or any agency or instrumentality of a
2 state or political subdivision of a state and which agrees to
3 separately account for amounts transferred into such plan from
4 this plan, and shall include, for eligible rollover distributions
5 made on or after January 1, 2002, a distribution to a surviving
6 spouse or to a spouse or former spouse who is the alternate payee
7 under a qualified domestic relations order, as defined in Section
8 414(p) of the Internal Revenue Code;

9 (4) "Eligible rollover distribution", any distribution of
10 all or any portion of a member's benefit, other than:

11 (a) A distribution that is one of a series of substantially
12 equal periodic payments, made not less frequently than annually,
13 for the life or life expectancy of the distributee or for the
14 joint lives or joint life expectancies of the distributee and the
15 distributee's designated beneficiary, or for a specified period
16 of ten years or more;

17 (b) The portion of a distribution that is required under
18 Section 401(a)(9) of the Internal Revenue Code; or

19 (c) [The] Effective for distributions made on or after
20 January 1, 2002, a portion of [any] a distribution [that is not
21 includable in] shall not fail to be an eligible rollover
22 distribution merely because the portion consists of after-tax
23 employee contributions which are not includable in gross income.
24 However, such portion may be transferred only to an individual

1 retirement account or annuity described in Section 408(a) or (b)
2 of the Internal Revenue Code, or to a qualified defined
3 contribution plan described in Section 401(a) or 403(a) of the
4 Internal Revenue Code that agrees to separately account for
5 amounts so transferred, including to separately account for the
6 portion of such distribution which is includable in gross income
7 and the portion that is not so includable.

8 3. The board of trustees shall, at least thirty days, but
9 not more than ninety days, before making an eligible rollover
10 distribution, provide a written explanation to the distributee in
11 accordance with the requirements of Section 402(f) of the
12 Internal Revenue Code.

13 4. If the eligible rollover distribution is not subject to
14 Sections 401(a) and 417 of the Internal Revenue Code, such
15 eligible rollover distribution may be made less than thirty days
16 after the distributee has received the notice described in
17 subsection 3 of this section, provided that:

18 (1) The board of trustees clearly informs the distributee
19 of the distributee's right to consider whether to elect a direct
20 rollover, and if applicable, a particular distribution option,
21 for at least thirty days after the distributee receives the
22 notice; and

23 (2) The distributee, after receiving the notice,
24 affirmatively elects a distribution.

1 86.256. 1. In no event shall a member's annual benefit
2 paid under the plan established pursuant to sections 86.200 to
3 86.366 exceed the amount specified in Section 415(b)(1)(A) of the
4 Internal Revenue Code, as adjusted for any applicable increases
5 in the cost of living, as in effect on the last day of the plan
6 year, including any increases after the member's termination of
7 employment.

8 2. Effective for limitation years beginning after December
9 31, 2001, in no event shall the annual additions to the plan
10 established pursuant to sections 86.200 to 86.366, on behalf of
11 the member, including the member's own mandatory contributions,
12 exceed the lesser of:

13 (1) [Twenty-five] One hundred percent of the member's
14 compensation, as defined for purposes of Section 415(c)(3) of the
15 Internal Revenue Code, for the limitation year; or

16 (2) [Thirty] Forty thousand dollars, as adjusted for
17 increases in the cost of living under Section 415(d) of the
18 Internal Revenue Code.

19 3. Effective for limitation years beginning prior to
20 January 1, 2000, in no event shall the combined plan limitation
21 of Section 415(e) of the Internal Revenue Code be exceeded;
22 provided that, if necessary to avoid exceeding such limitation,
23 the member's annual benefit under the plan established pursuant
24 to sections 86.200 to 86.366 shall be reduced to the extent

1 necessary to satisfy such limitations.

2 4. For purposes of this section, Section 415 of the
3 Internal Revenue Code, including the special rules under Section
4 415(b) applicable to governmental plans and qualified
5 participants [in] employed by a police [and] or fire department
6 [plans], is incorporated in this section by reference.

7 86.294. 1. Notwithstanding any other provision of the plan
8 established in sections 86.200 to 86.366, and subject to the
9 provisions of subsections 2, 3, and 4 of this section, effective
10 January 1, 2002, the plan shall accept a member's rollover
11 contribution or direct rollover of an eligible rollover
12 distribution made on or after January 1, 2002, from a qualified
13 plan described in Section 401(a) or 403(a) of the Internal
14 Revenue Code, or an annuity contract described in Section 403(b)
15 of the Internal Revenue Code, or an eligible plan under Section
16 457(b) of the Internal Revenue Code which is maintained by a
17 state, political subdivision of a state, or any agency or
18 instrumentality of a state or political subdivision of a state.
19 The plan will also accept a member's rollover contribution of the
20 portion of a distribution from an individual retirement account
21 or annuity described in Section 408(a) or (b) of the Internal
22 Revenue Code that is eligible to be rolled over and would
23 otherwise be includable in gross income.

24 2. The amount of such rollover contribution or direct

1 rollover of an eligible rollover distribution shall not exceed
2 the amount required to repay the member's accumulated
3 contributions plus the applicable members' interest thereon from
4 the date of withdrawal to the date of repayment in order to
5 receive credit for such prior service in accordance with section
6 86.210, to the extent that Section 415 of the Internal Revenue
7 Code does not apply to such repayment by reason of subsection
8 (k)(3) thereof, or to purchase permissive service credit, as
9 defined in Section 415(n)(3)(A) of the Internal Revenue Code, for
10 the member under the plan in accordance with the provisions of
11 section 105.691, RSMo.

12 3. Acceptance of any rollover contribution or direct
13 rollover of eligible rollover distribution under this section
14 shall be subject to the approval of the board of trustees and
15 shall be made in accordance with procedures established by the
16 board of trustees.

17 4. In no event shall the plan accept any rollover
18 contribution or direct rollover distribution to the extent that
19 such contribution or distribution consists of after-tax employee
20 contributions which are not includable in gross income.

21 86.296. 1. Notwithstanding any other provision of the plan
22 established in sections 86.200 to 86.366, and subject to the
23 provisions of subsections 2 and 3 of this section, effective
24 January 1, 2002, the plan shall accept a direct trustee-to-

1 trustee transfer on behalf of a member from an annuity contract
2 described in Section 403(b) of the Internal Revenue Code or an
3 eligible plan under Section 457(b) of the Internal Revenue Code
4 which is maintained by a state, political subdivision of a state,
5 or any agency or instrumentality of a state or political
6 subdivision.

7 2. A trustee-to-trustee transfer may be accepted by the
8 plan only if the transfer is used to repay the member's
9 accumulated contributions plus the applicable members' interest
10 thereon from the date of withdrawal to the date of repayment in
11 order to receive credit for such prior service in accordance with
12 section 86.210, to the extent that Section 415 of the Internal
13 Revenue Code does not apply to such repayment by reason of
14 subsection (k)(3) thereof, or to purchase permissive service
15 credit, as defined in Section 415(n)(3)(A) of the Internal
16 Revenue Code, for the member under the plan in accordance with
17 the provisions of section 105.691, RSMo.

18 3. Acceptance of any trustee-to-trustee transfer under this
19 section shall be subject to the approval of the board of trustees
20 and shall be made in accordance with procedures established by
21 the board of trustees.

22 87.177. 1. Any firefighter who terminates employment with
23 five or more years of service but less than twenty years may
24 apply at age sixty-two for a service retirement allowance. Upon

1 written application to the board of trustees the benefit payable
2 shall be equal to two percent times years of service times the
3 average final compensation, and the member shall also be repaid
4 the total amount of the member's contribution, without interest.

5 2. The benefits provided in subsection 1 of this section
6 shall be in lieu of any benefits payable pursuant to the
7 provisions of section 87.240.

8 3. Any survivor of a firefighter retiring pursuant to the
9 provisions of subsection 1 of this section shall be entitled to
10 fifty percent of the retirement allowance of the retired member
11 at his or her date of death.

12 4. Any surviving spouse of a firefighter who had five or
13 more years of service but less than twenty years and who dies
14 prior to application for retirement benefits payable pursuant to
15 this section shall be entitled to fifty percent of the retirement
16 allowance of the member at his or her date of death payable at
17 the date the member would have reached age sixty-two, or to the
18 immediate refund of the member's contribution plus interest. If
19 no surviving spouse exists, a benefit shall be payable pursuant
20 to subdivisions (2) and (3) of subsection 1 of section 87.220, or
21 by the immediate refund of the member's contribution plus
22 interest.

23 5. Any firefighter retiring pursuant to the provisions of
24 this section shall be entitled to receive a cost-of-living

1 allowance of five percent per year for a maximum of five years.

2 87.231. 1. In lieu of any benefits payable pursuant to
3 section 87.230, any surviving spouse who is receiving retirement
4 benefits, upon application to the board of trustees of the
5 retirement system, shall be made, constituted, appointed and
6 employed by the board as a special consultant on the problems of
7 retirement, aging, and other state matters, for the remainder of
8 his or her life, and upon request of the board, give opinions,
9 and be available to give opinions in writing, or orally, in
10 response to such request, as may be required, and for such
11 services shall be compensated monthly, in an amount, which, when
12 added to any monthly retirement benefits being received, shall
13 not exceed fifty percent of the deceased member's average final
14 compensation or five hundred twenty-five dollars, whichever is
15 greater.

16 2. This compensation shall be consolidated with any other
17 retirement benefits payable to such surviving spouse, and shall
18 be paid in the manner and from the same fund as his or her other
19 retirement benefits under this chapter, and shall be treated in
20 all aspects under the laws of this state as retirement benefits
21 paid pursuant to this chapter.

22 3. The employment provided for by this section shall in no
23 way affect any person's eligibility for retirement benefits under
24 this chapter, or in any way have the effect of reducing

1 retirement benefits, anything to the contrary notwithstanding.

2 104.625. Effective [January] July 1, 2002, any member
3 retiring pursuant to the provisions of sections 104.010 to
4 104.801, except an elected official or a member of the general
5 assembly, who has not been paid retirement benefits and continues
6 employment for at least two years beyond normal retirement age,
7 may elect to receive an annuity and lump sum payment or payments,
8 determined as follows:

9 (1) A retroactive starting date shall be established which
10 shall be [the later of the date when a normal annuity would have
11 first been payable had the member retired at that time or five
12 years before the annuity starting date, which shall be the first
13 day of the month with respect to which an amount is paid as
14 annuity pursuant to this section] a date selected by the member;
15 provided, however, that the retroactive starting date selected by
16 the member shall not be a date which is earlier than the date
17 when a normal annuity would have first been payable. In
18 addition, the retroactive starting date shall not be more than
19 five years prior to the annuity starting date, which shall be the
20 first day of the month with respect to which an amount is paid as
21 an annuity pursuant to this section. The member's selection of a
22 retroactive starting date shall be done in twelve-month
23 increments, except this restriction shall not apply when the
24 member selects the total available time between the retroactive
25 starting date and the annuity starting date;

26 (2) The prospective annuity payable as of the annuity

1 starting date shall be determined pursuant to the provisions
2 otherwise applicable under the law, with the exception that it
3 shall be the amount which would have been payable had the member
4 actually retired on the retroactive starting date under the
5 retirement plan selected by the member. Other than for the lump
6 sum payment or payments specified in subdivision (3) of this
7 section, no other amount shall be due for the period between the
8 retroactive starting date and the annuity starting date;

9 (3) The lump sum payable shall be ninety percent of the
10 annuity amounts which would have been paid to the member from the
11 retroactive starting date to the annuity starting date had the
12 member actually retired on the retroactive starting date and
13 received a normal annuity. The member shall elect to receive the
14 lump sum amount either in its entirety at the same time as the
15 initial annuity payment is made or in three equal annual
16 installments with the first payment made at the same time as the
17 initial annuity payment; [and]

18 (4) Any annuity payable pursuant to this section that is
19 subject to a division of benefit order pursuant to section
20 104.312 shall be calculated as follows:

21 (a) Any service of a member between the retroactive
22 starting date and the annuity starting date shall not be
23 considered creditable service except for purposes of calculating
24 the division of benefit; and

25 (b) The lump sum payment described in subdivision (3) of
26 this section shall not be subject to any division of benefit

1 order; and

2 (5) For purposes of determining annual benefit increases
3 payable as part of the lump sum and annuity provided pursuant to
4 this section, the retroactive starting date shall be considered
5 the member's date of retirement.

6 104.1024. 1. Any member who terminates employment may
7 retire on or after attaining normal retirement eligibility by
8 making application in written form and manner approved by the
9 appropriate board. The written application shall set forth the
10 annuity starting date which shall not be earlier than the first
11 day of the second month following the month of the execution and
12 filing of the member's application for retirement nor later than
13 the first day of the fourth month following the month of the
14 execution and filing of the member's application for retirement.

15 2. A member's annuity shall be paid in the form of a life
16 annuity, except as provided in section 104.1027, and shall be an
17 amount for life equal to one and seven-tenths percent of the
18 final average pay of the member multiplied by the member's years
19 of credited service.

20 3. The life annuity defined in subsection 2 of this section
21 shall not be less than a monthly amount equal to fifteen dollars
22 multiplied by the member's full years of credited service.

23 4. If as of the annuity starting date of a member who has
24 attained normal retirement eligibility the sum of the member's
25 years of age and years of credited service equals eighty or more
26 years and if the member's age is at least fifty years but less

1 than sixty-two years, or, in the case of a member of the highway
2 patrol who shall be subject to the mandatory retirement provision
3 of section 104.080, the mandatory retirement age and completion
4 of five years of credited service, then in addition to the life
5 annuity described in subsection 2 of this section, the member
6 shall receive a temporary annuity equal to eight-tenths of one
7 percent of the member's final average pay multiplied by the
8 member's years of credited service. The temporary annuity and any
9 cost-of-living adjustments attributable to the temporary annuity
10 pursuant to section 104.1045 shall terminate at the end of the
11 calendar month in which the earlier of the following events
12 occurs: the member's death or the member's attainment of the
13 earliest age of eligibility for reduced Social Security
14 retirement benefits.

15 5. The annuity described in subsection 2 of this section
16 for any person who has credited service not covered by the
17 federal Social Security Act, as provided in sections 105.300 to
18 105.445, RSMo, shall be calculated as follows: the life annuity
19 shall be an amount equal to two and five-tenths percent of the
20 final average pay of the member multiplied by the number of years
21 of service not covered by the federal Social Security Act in
22 addition to one and seven-tenths percent of the final average pay
23 of the member multiplied by the member's years of credited
24 service covered by the federal Social Security Act.

25 6. Effective [January] July 1, 2002, any member, except an
26 elected official or a member of the general assembly, who has not

1 been paid retirement benefits and continues employment for at
2 least two years beyond the date of normal retirement eligibility,
3 may elect to receive an annuity and lump sum payment or payments,
4 determined as follows:

5 (1) A retroactive starting date shall be established which
6 shall be [the later of the first day of retirement eligibility or
7 five years before the annuity starting date] a date selected by
8 the member; provided, however, that the retroactive starting date
9 selected by the member shall not be a date which is earlier than
10 the date when a normal annuity would have first been payable. In
11 addition, the retroactive starting date shall not be more than
12 five years prior to the annuity starting date. The member's
13 selection of a retroactive starting date shall be done in twelve-
14 month increments, except this restriction shall not apply when
15 the member selects the total available time between the
16 retroactive starting date and the annuity starting date;

17 (2) The prospective annuity payable as of the annuity
18 starting date shall be determined pursuant to the provisions of
19 this section, with the exception that it shall be the amount
20 which would have been payable at the annuity starting date had
21 the member actually retired on the retroactive starting date
22 under the retirement plan selected by the member. Other than for
23 the lump sum payment or payments specified in subdivision (3) of
24 this subsection, no other amount shall be due for the period
25 between the retroactive starting date and the annuity starting
26 date;

1 (3) The lump sum payable shall be ninety percent of the
2 annuity amounts which would have been paid to the member from the
3 retroactive starting date to the annuity starting date had the
4 member actually retired on the retroactive starting date and
5 received a life annuity. The member shall elect to receive the
6 lump sum amount either in its entirety at the same time as the
7 initial annuity payment is made or in three equal annual
8 installments with the first payment made at the same time as the
9 initial annuity payment; [and]

10 (4) Any annuity payable pursuant to this section that is
11 subject to a division of benefit order pursuant to section
12 104.1051 shall be calculated as follows:

13 (a) Any service of a member between the retroactive
14 starting date and the annuity starting date shall not be
15 considered credited service except for purposes of calculating
16 the division of benefit; and

17 (b) The lump sum payment described in subdivision (3) of
18 this section shall not be subject to any division of benefit
19 order; and

20 (5) For purposes of determining annual benefit increases
21 payable as part of the lump sum and annuity provided pursuant to
22 this section, the retroactive starting date shall be considered
23 the member's date of retirement.

24 Section B. Because immediate action is necessary to provide
25 equitable treatment and timely application of certain pension
26 benefits and compensation, section A of this act is deemed

1 necessary for the immediate preservation of the public health,
2 welfare, peace, and safety, and is hereby declared to be an
3 emergency act within the meaning of the constitution, and section
4 A of this act shall be in full force and effect on July 1, 2002,
5 or upon its passage and approval, whichever occurs later.